

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

In re Chapter 9

CITY OF DETROIT, MICHIGAN, Case No. 13-53846

Debtor. Hon. Steven W. Rhodes

**DWSD PARTIES' STATEMENT IN RESPONSE TO COURT'S
ORDER REGARDING IDENTIFYING LEGAL ISSUES
RELATING TO CONFIRMATION**

U.S. Bank National Association, as Indenture Trustee (the “Trustee”) for the DWSD Bonds, National Public Finance Guarantee Corporation (“National”), Assured Guaranty Municipal Corp., formerly known as Financial Security Assurance Inc. (“Assured”), Berkshire Hathaway Assurance Corporation (“BHAC”), Financial Guaranty Insurance Company (“FGIC”) and the Ad Hoc Bondholder Committee¹ (together with the Trustee, National, Assured, BHAC, and FGIC, the “DWSD Parties”), hereby file this joint statement in response to the Court’s *Order Regarding Identifying Legal Issues Relating to Confirmation* [Doc. No. 5021].

¹ The Ad Hoc Bondholder Committee members, Fidelity Management & Research Company, Eaton Vance Management, Franklin Advisers, Inc., Nuveen Asset Management, and BlackRock Financial Management, Inc., through various institutional funds they or their affiliates manage, hold DWSD Bonds.

The plan objections filed individually by each of the DWSD Parties² raise numerous substantial mixed questions of law and fact that cannot be determined without the necessity of proof at the confirmation hearing. Accordingly, the DWSD Parties have served written discovery and deposition notices to obtain evidence in support of their plan objections, and will call both fact and expert witnesses at trial.

Pursuant to the Court's *Order Regarding Adjourned Status Conference* [Doc. No. 5020], the DWSD Parties will be prepared to present to the Court at the May 28, 2014 hearing an overview of the issues and areas of documentary and testimonial evidence they currently envision presenting at the confirmation hearing in response to the City's opening case in regard to the plan confirmation requirements under sections 943(b) and 1129(a) and (b). These plan confirmation requirements include section 943(b)(7)'s best interests of creditors test, section 943(b)(4)'s requirement that the City is not prohibited by law from carrying out the Plan, section 943(b)(2)'s requirement that the Plan comply with the provisions of chapter 9 (which includes section 928(a)), section 943(b)(6)'s requirement regarding necessary electoral approval, section 1129(a)(3)'s good faith requirement, section 1129(a)(6)'s requirement regarding rate approvals, and the

² The DWSD Parties' plan objections have the following docket numbers: the Trustee [Doc. No. 4647], National [Doc. No. 4665], Assured [Doc. No. 4674], BHAC [Doc. No. 4657], FGIC [Doc. No. 4660], and the Ad Hoc Bondholder Committee [Doc. No. 4671].

cramdown requirements of section 1129(b)(1) and (2) (fair and equitable and unfair discrimination). As the City bears the burden of proof on all these issues, the DWSD Parties request that the presentation of the DWSD parties follow: (1) the status conference on the outstanding issues with respect to the City's document production, and (2) the City's opening presentation.

Dated: May 27, 2014

Respectfully submitted,

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